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RECIPROCITY

BETWEEN THE UNITED STATES AND THE DOMINION OF CANADA

A Series of Articles by United States Writers and Publicists with an Historical Introduction by the Editor of the Canadian Magazine

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RECIPROCITY WITH THE UNITED STATES

A SERIES OF ARTICLES BY UNITED STATES PUBLICISTS DEALING WITH THIS QUESTION FROM THE VIEW-POINTS OF BOTH COUNTRIES

Introductory Note by THE EDITOR

THE Canadian interest in the subject of reciprocity with the United States has declined during recent years, or at least has shifted from one point of view to another. The abrogation of the Reciprocity Treaty in 1866 was regarded in Canada as "a great calamity,"* and everything that could be done was done to extend or modify the treaty. The United States government was inexorable, however, and the treaty was annulled. After 1866, many efforts were made to obtain a new treaty. In July, 1869, the Hon. John Rose went to Washington to see what could be done, but his visit was barren of results. A Canadian government report of December, 1869, says: "The experience of these twenty years has, in the opinion of the undersigned, proved to the people of Canada that concessions in matter of trade, navigation and shipping, voluntarily conceded by us, have not been reciprocated by the government of the United States, and, indeed, have not always been appreciated, nor the value of them realised . . . . the recent action of Congress would tend to confirm the belief that no reciprocal arrangement of a satisfactory character can now be obtained."†

The reason for this situation, from the United States point of view, is boldly and baldly stated in a report from J. N. Larned, a special agent, to the Congress of 1870, as follows:

> "In every commercial respect the dependence of the Provinces of the Dominion of Canada—especially of the old Canadian Provinces—upon the United States, is almost absolute. To say so is not to make an arrogant boast, but to state a simple fact. Restricted as the intercourse between the Canadas and this country unhappily is now, they derive from it wholly the life which animates their industry and their enterprise."

Mr. Larned's "simple fact" has not stood the test of time, for it has since been shown that Canada is not dependent upon United States favours. Congress accepted his statement and thought by squeezing Canada to make a national gain. This has been the attitude of the United States for over fifty years and explains why the Hon. George Brown failed in his mission of 1874, why Messrs. Bowell, Foster and Tupper failed in 1891 and 1892, why Sir Richard Cartwright failed in 1896, and why the Joint High Commission failed In 1898. There were perhaps minor reasons given or advanced on either side, but there is enough evidence to show that the United States has always been averse to increasing the prosperity of this part of the British Empire. Why a people so liberal and so progressive in most features of civilisation and of trade, should have adopted and maintained a view so narrow in regard to

*See Report of Committee of Executive Council of February 19th, 1865.

†Sessional Papers, Vol. XVIII, No. 13.

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trade with Canada is almost incomprehensible.

It is quite true that there was always a small body of people in the United States with sufficient vision to see that reciprocity was desirable. At a meeting of the United States National Board of Trade in New York in October, 1892, the council of that body was instructed to memorialise Congress in favour of a treaty for "reciprocal trade with the Dominion of Canada on a broad, comprehensive and liberal basis." In January, 1881, two petitions were presented to Congress, one signed by 500 New York firms and the other by 1,030 firms and business men of Boston, recounting how Boards of Trades had continually asked for an investigation of this subject without anything being accomplished. An International Reciprocity Convention was held in St. Paul in 1893 which re-affirmed the position taken by previous conventions of the same nature. It urged "a treaty providing for the free interchange of those classes of products, both natural and industrial of each one, that are most generally in demand or usually find the readiest sales in the markets of the other." A National Reciprocity Convention was held at Detroit in December, 1902, from which evolved a chain of reciprocity leagues from New England to the Rockies. These leagues are yet more or less active.

Other evidence might be brought forward but the situation is well known. Canada asked for reciprocity so many times and so humbly that her self-respect could endure no more; she has now ceased to ask. She has chosen Preferential trade with Great Britain and with the other colonies as a substitute. Deprived of freedom to sell on this continent she sought and obtained a trade with the Empire which is satisfactory if statistics and public opinion are accepted as sufficient evidence.

Sir Frederick Borden, one of the present members of the Laurier Government, addressing a Toronto audience last year, went so far as to say, "As a result of their refusal to trade with us they have made us self-reliant, and have made us the greatest rival they have in the one free market of the world." He referred, undoubtedly, to the growth of Canadian exports of farm products to Great Britain which had increased from three and a half millions in 1866 to eighty millions in 1902.

In December of last year, Mr. John Charlton, M.P., a most persistent advocate of reciprocity, warned the United States that "the critical hour is at hand when Canada will have arrived at the parting of the ways and will decide whether she shall cultivate intimate and natural relations with the United States or whether she shall put up her tariff wall against that country and become a component part of a great Imperial trade federation." A twelve-month has not passed since he made that statement, but the latest amendment to the Canadian tariff fulfils part of his prophecy.

Each year sees a steady diminution in the Canadian desire for reciprocity, a growth of the forces which will fight against it when it is offered to us. Only last October, Sir Wilfrid Laurier writing to a gentlemen in the United States said: "That movement in favour of unrestricted reciprocity had its *raison d'être* some twelve years ago; in the present conditions of our trade, its *raison d'être* has ceased to exist." *

Lieut.-Col. Denison, a leader of certain classes, recently declared that "Canada should avoid reciprocity as she would the plague." The President of the Canadian Manufacturers' Association, about the same time asserted that "not a vestige of sentiment for reciprocity with the United States remains among our people."

On neither side of the line is the outlook hopeful. The United States maintains its traditional policy; Canada has grown independent and even hostile. This series of articles has been brought together so that both countries may realise the trend of opinion. There is danger in this drifting apart—a danger which it is unnecessary to enlarge upon with the intelligent citizen of either country.

* North American Review, March, 1904.

By CAMPBELL SHAW, Ex-President National Committee on Reciprocity with Canada

THEORIES upon the cause for the unfriendly trade relations between the United States and Canada for nearly forty years are not uninteresting, but throughout has held the practical fact that earnest interest by the United States in closer trade relations could not be established until the value of the Canadian market had sufficiently appreciated.

When the Joint High Commission was convened in 1898 the value of the Canadian market was not understood by many people in the United States. In fact, there was little or no interest in the trade possibilities of that market, and it is very doubtful if a treaty would have been ratified at that time by the United States Senate. There was against the ratification of a treaty the pre-eminence of the belief in the virtue of the high protective policy, even more so than the dispute over the Alaskan boundary. However, the meeting of that Commission paved the way for closer trade relations, inasmuch as the people of the United States learned that commercial union was not a practicable basis for negotiations for a reciprocity treaty. It was made very clear that when closer trade relations became desirable in both countries the basis of negotiations for a treaty would have to be that of free trade in natural products.

Since 1898 the volume of trade between Canada and the United States has increased so rapidly and enormously that there is no longer any doubt in the United States that the value of the Canadian market has sufficiently appreciated to justify making such concessions as would assure a mutually satisfactory trade treaty. As far as the United States is concerned there is but one difficulty to be overcome before arranging such a trade treaty with Canada, and that difficulty is caused by the great influence of local interests over national interests. There are few Senators of the United States who have not national interests well at heart, but at the same time each and every one of these Senators is bound hand and foot to party interests in his district. In order, then, to have a reciprocity treaty with Canada ratified in the United States Senate, the demand from the people must be very much greater than the opposition of the ultra-protectionist element.

With the extraordinary appreciation of the value of the Canadian market has come naturally a vigorous demand by the commercial and industrial interests of the northern tier of states for freer trade relations with Canada. The states immediately contiguous to the northern tier share more or less in this demand. Because of the probability of such trade reprisals by Canada as would rapidly decrease the trade with the United States, an organised movement for reciprocity commenced in the northern tier of states nearly two years ago.

It is probable that in the near future such action will be taken by the United States as will establish fairer trade relations with Canada.

By THEO. M. KNAPPEN, Associate Editor of The Minneapolis "Journal," Secretary of the Minnesota Branch of the National Reciprocity League

IT is impossible to approach the subject of reciprocity between the United States and Canada with an unprejudiced mind, without coming to the conclusion that it is manifestly desirable, and the more the better—even to the extent of free trade between the two countries.

To my mind it is enough of an argument for reciprocity to point to the superiority of freedom of trade between the States and Territories of the Amer-

ican Union, over what would be the condition if each of those political subdivisions had the power to impose tariffs at its frontiers. If free trade over half the continent has been good, freer trade over the whole of it should also be good. At present it is so generally admitted in the United States that reciprocity with Canada would be good for the Republic, that it is not worth while to discuss that side of the question.

Would it be good for Canada? I think there is no doubt of this. Gratifying as has been the development of the Dominion, especially the Canadian West, in the last five years, it would have been even more extensive if there had been freer trade between the two countries. American capital and American settlers would go into the Canadian West even more freely than at present, if they felt that they were not commercially cutting themselves off, to some extent at least, from their old associations. Free trade within the United States has not resulted in the concentration of manufacturing in any one State. Manufacturing centres exist North and South, East and West, all over the country and new ones are constantly springing into existence, in spite of the stiff competition of old established industries elsewhere.

Reciprocity would not mean stagnation for Canadian manufacturing industries. Canada has many natural advantages that would be certain to make her the scene of many manufacturing enterprises, designed to supply the whole Canadian-American trade, if it were not for the tariff barriers. Its population, moreover, would increase so much more rapidly than at present, that there would be a great opportunity for the establishment of those numerous industries in which location near the source of demand is nine-tenths of success.

It seems to me that Canadians who oppose reciprocity with the United States, think too much of the admission of the American manufacturer to the Canadian market and too little of the entrance of the Canadian manufacturer into the American market. It is certain that any reciprocity treaty that may now be negotiated will result in a lowering of the Dingley tariff rates in such a way that the Canadian will have as free access to the American market as the American has to the Canadian. There are many well-established industries in the Dominion which ought to welcome the widening of what might be called their home market, from that supplied by the demands of six million people to that supplied by the wants of eighty-five million people —that being about the total population of the United States and Canada to-day.

So far I have confined the argument to the manufacturing side of the case. The Canadian farmer's side requires very little attention. No sane person doubts that freer entrance—and any reciprocity treaty that might now be negotiated would give him freer entrance — to the American markets, would be of great advantage to him. In many cases it would mean higher prices, and in all cases it would mean superiority of time and facility over the British market. Free access to the immense markets of the United States, plus present free access to the markets of the United Kingdom, is of vastly more importance to the Canadian farmer than a small preference in the British market—and he can expect no more—coupled with continued exclusion from the American market.

The United States and Canada are two neighbouring nations that produce large surpluses of agricultural products which are sold in Europe. As sellers in a common market, they have every reason for uniting to further their interests. For them to remain apart commercially, is to play into the hands of those to whom both must sell.

I know that Canadian friends of reciprocity have been chilled by many rebuffs from our side of the line, but it is to be hoped that they will again take heart from the remarkable growth of public opinion in the United States in favour of reciprocity with the Dominion, now so evident.

There is no doubt that a large ma-

jority of all our thinking people whose attention has been brought to this subject within the last two or three years, are strongly in favour of reciprocity, on terms that shall be broad, fair and generous to Canada.

By NATHANIEL FRENCH, Davenport, Iowa

WHETHER reciprocal trade relations between Canada and the United States are desirable must depend upon their permanent effect on the production of each country. The wealth and prosperity of a country being measured by its production, any policy which makes its labour idle or less productive is pernicious, because of the sufferings of the labourers deprived of work and wages and the injury to the general welfare. The loss to the public through decrease of employment and production is as real as loss from crop failures, and even worse because of the demoralising effect of idleness upon the former workers. The question to be considered is, not which country will export more products to the other under a reciprocity treaty, but whether the effect will be to increase the value of the products of each. If it does this then the mutual lowering or removal of trade barriers is desirable; and it may happen that the country with the larger imports and smaller exports will profit the more, by reason of the imports having greater effect in increasing the volume of home products, whether consumed at home or sold to some third country. In solving this question the general principles underlying production and their practical operation in similar cases may well be considered.

The laws of nature are not limited by geographical divisions. Scientific truths and the laws of thought do not change with land, language or race. The fundamental instincts and motives of human nature sway all men. The advantage of increasing the efficiency of labour is the same anywhere. Left to himself the individual will naturally seek to get all he can for his own products and to buy the products of others as cheaply as possible. He will usually do what he can do best, in order to make his labour as productive as possible. If trade along natural lines between citizens of the same state is profitable and stimulates production, it would seem that like trade between citizens of adjoining states should have the same effect, and that it should be permitted, unless objections exist more important than an increase in production.

Throughout the United States the citizens of the different states enjoy free trade with each other, and no barrier is allowed at any state line. After over a century of experience, the consensus of opinion throughout the entire country is that this freedom has been of inestimable value to each and all of the states, stimulating production and increasing wealth. An illustration of the opinions prevailing as to interstate commerce may be taken from the locality in which the writer resides, viz: Eastern Iowa. Here the people obtain their coal from the mines of Western Illinois, which are near by, instead of purchasing coal from more distant mines of Iowa. It would be considered foolish to pay for the transportation of coal from a distance when equally good coal is close at hand. The useless hauling of this coal would appear in its true light as the waste of the most valuable of all things, human labour—as valuable to Iowa and its people as to others.

Another example of the stimulating effect upon production caused by the removal of barriers is afforded by Germany. The German Zollverein, established in 1824, removed the numerous tariffs and restrictions which impeded commerce between these states, with the result of a great increase in production, commerce and wealth. It may be remarked that until the forma-

tion of the German Empire these states were independent of each other though related by race, language and customs. Other examples might be cited showing the same result, a result always to be expected under similar conditions, as it is caused by one of the basic impulses of human nature. Of his own volition the individual will produce only enough for his own needs, unless he can sell or exchange the surplus. Free markets are therefore the great incentive to production.

The people of Canada and of the United States are to a marked degree similar, being related by blood, language, institutions, customs and instincts; and to the extent that these similarities were efficient in increasing the interstate commerce and production of the German States and the states of the Federal Union, under free trade, they will also be efficient under reciprocity between Canada and the United States. The rate of wages in the two countries does not differ greatly, and those who favour tariff walls to keep out the products of so-called "pauper labour" need have no fear of the products of either country. The fact that so much commerce exists between the two countries, notwithstanding the existing barriers, proves that it has been found beneficial by citizens of both countries, and indicates that the removal or lowering of these barriers, will give more commerce, more production and more prosperity to both. While one or both countries may feel that its protective policy of the past regarding certain manufacturers may impose a moral duty to continue this policy for some time and to some extent, yet even within the lines of a moderate protective tariff, substantial reductions can be made in duties and in most if not all cases natural products can be placed on the free list. Wherever the matter has been discussed among the people of the United States, the sentiment appears strongly in favour of reciprocity with Canada, not because of any thought of profiting at the expense of Canada but on the broad theory that reciprocity will be a substantial, permanent benefit to both countries.

The opposition comes mainly from certain protected interests which do not really object to reciprocity with Canada as a thing by itself, but which fear its successful operation might be an argument for the lowering of barriers against the products of other nations.

If in the opinion of these interests reciprocity with Canada would prove injurious instead of beneficial much of the opposition would cease.

By E. N. FOSS, Treasurer B. F. Sturtevant Co., Boston

I AM convinced that commercial reciprocity, by means of treaties or general tariff concessions, is to become a future policy of the United States. The people of this country are slowly but surely beginning to realise the truth of President McKinley's conclusion that "the period of exclusiveness is past." Let that conviction permeate the mass of our people, and they will insist that trade negotiations be opened with our chief foreign customers, thus avoiding profitless tariff wars. It is only a question of time when this demand will become so insistent that no politician or group of politicians, however influential in the past, will try to withstand it. The idea of commercial reciprocity as outlined in a broad spirit by McKinley has a stronger place in American politics than ever before. It represents the safe middle ground between "exclusiveness" and free trade.

American desire for reciprocity with Canada originated with our need for manufacturers' raw materials, which the Dominion produces in such abundance. It contemplates more than that, however; for, in the final analysis, it implies the imposition of moderately protective duties only on the products

of the two countries, of whatever character. It may take time to secure the full development of such a policy, but the tendency, in this country at least, is unmistakably in that direction.

This system would mean for Canada the same degree of development which our great West has enjoyed with the aid of our older East. For the United States it would mean reasonable access to the Canadian market with such goods as Canada does not produce in excess of her own needs or at all. Whatever of extraneous patriotic sentiment may be in the air, it cannot be denied, as a business proposition, that each country needs the other.

Canada is our third largest customer and the largest in the world for our manufactures. Our tariff rates are about double those levied by the Dominion upon our products, and our Canadian friends think their generosity has earned for them, without further concessions, a place for their natural products in our markets. However that may be, we have pressing need for very many of the natural products of the Dominion and should have them quickly. It is undeniable that Canada has, and for many years will have, pressing need for very many of our manufactures.

The prime object of such of our Canadian neighbours as desire reciprocity with the United States is that they may raise prices—and thus wages and the standard of living—in their own country. They could not, under any conceivable scheme of reciprocity, send goods enough to this country to materially affect prices here, in view of our own enormous production of everything in which they would compete.

To this view the objection is raised by some here that reciprocity would build up Canada at our expense. I agree that it would help materially to build up Canada, but I do not agree, for the reasons stated, that it would be at our expense. I say furthermore that whatever adds to the prosperity of our best customer is good for the United States.

With these things in mind, we now come to the real situation. This presents to our Canadian friends the problem whether they shall raise their general tariff to equal ours, thus excluding many of our exports, or shall co-operate with such of us as favour tariff revision to secure a moderate, perhaps uniform, tariff between the two countries. The latter should, in my opinion, include protective features on both sides, but without raising such ridiculous barriers as now exist. Such a system would permit of a reasonably free interchange of the products of both countries without unduly raising the cost to consumers or sacrificing needed revenue.

United States public sentiment has not yet reached the point where it would sanction so important a departure from established policy, but it is rapidly changing. Canadian opinion is so tinctured with considerations of patriotic sentiment that our neighbours are in danger of losing sight of business principles. I would by no means depreciate the value of sentiment. I honour the generous loyalty with which the Dominion regards the mother country. I would ask nothing of Canada which she would not grant to Great Britain. I would, however, in all fairness, urge that no possible reciprocity between the United States and Canada contains the shadow of a menace to Canadian loyalty or ambition.

Had one-tenth the treasure lavished upon the Philippines been expended in cultivating the friendship of our neighbours to the north, what might not have been the result upon the welfare of the two countries? Where has this young and alert people a rival except among men of our own blood and training?

As New England built up the great West and placed the United States among the mightiest nations of the globe, so would we also have a part in the development of Canada. Only failure to see the benefit that would come to both countries stands in the way. And if this is true of our greatest customer on this continent, what of the mother country, our greatest customer

in the world? Her prosperity must be ours. Co-operation and reciprocity, not independence and retaliation, typify the spirit of the age.

Any scheme of imperial federation which excludes the United States can have only a limited success. No plan of commercial union among English-speaking peoples can win that does not include them all.

By SOLOMON BULKLEY GRIFFIN, Managing Editor Springfield Republican

IN the end an enlightened self interest must be relied upon to govern trade relations. Illogical existing conditions yield but stubbornly often to the appeal of argument. But the pressure of necessity—the irking of restrictions undesirable and unnecessary, whose hampering processes are slowly perceived, when at last keenly felt and clearly seen, must give way before an imperative demand for relief.

Toward such a point New England is advancing. If the range of the perception of the need that exists for enlarging our trade relations to the northward is less wide at present in this section than it ought to be, the forces that will make it larger, and in the end dominant, are plainly to be seen. That they are both growing and growingly intelligent is certain.

Some evidences of this are worth presenting in such a discussion as this. The late Henry L. Dawes, long a member of Congress and senator of the United States from Massachusetts, and a profound student of tariffs, not long before his death, said: "It is a mistake to suppose that tariff legislation is a fixed science . . . . There can be no tariff formulated that can last, while all these conditions on which it is based are changing." In the same line was the remark made by an influential Republican member of Congress from this state, the past summer, that the existing tariff, unless revised to meet changing conditions, would surely lead to the overthrow of extreme protection by popular revolt. Other Massachusetts Republican members of Congress, among them George P. Lawrence, in the last political campaign, have declared views which are represented by the quotation from Mr. Dawes. "There is more tariff reform sentiment in Massachusetts than exists in Iowa," says a Republican of national fame who has studied the western state during a stumping tour, and is perfectly familiar with the feeling in this state. The associated commercial bodies of Boston are much alive to the necessity which presses for enlarging the bounds of our trade relations; and the same sentiment appears in a less pronounced way among boards of trade throughout the state.

What are the moving considerations behind the changing sentiment which is manifest, and why are so many intelligent New Englanders reaching the conviction that the abrogation of our reciprocity with Canada in 1866 is to be regarded in the present backward look as a mistake? F. A. Vanderlip, vice-president of the National City Bank of New York, and a former assistant secretary of the federal treasury, said in an address before the Commercial Club of Boston, last March, that New England's old position as a manufacturing centre to supply the wants of the West and the South had been contested and in a measure lost. There is truth enough in the assertion to give force to Mr. Vanderlip's further contention that New England's ultimate dependence must be on a foreign trade. In any event the first essential for the continuing prosperity of our manufacturers is cheap raw materials, particularly iron, coal, lumber and other natural products which enter into the processes of the mechanical and building trades. In the West the millers are

calling for free wheat in order to mix the hard wheat of Manitoba with the American wheat to improve the general quality of their flour. Purely artificial is the barrier which blocks the way, and it is neither sacred nor unremovable when the intelligently directed demand comes.

The needs of the two countries, Canada and the United States, impartially considered, could be merged and met with advantage to both. We have grown big enough not only to accept commercial union, but to urge it. The Canadians desire a free exchange of natural products, and our production of finished products has increased so enormously that Canada would be unable to affect prices in the United States, no matter how much she might sell to us. The Canadian under reciprocity would be able to put the present duty in his pocket, and this would give him more money and make him a better customer for our wares. The invitation would be to a mutual advantage—the appeal is to enlightened selfishness.

The late President McKinley advanced from a narrow protectionist into the almost inspired breadth of his last address at the Buffalo exposition; and along the way that he blazed—perhaps soon, possibly only until after our present imperialist fever has somewhat more abated—the American people will be found walking. It is to be hoped, even if we are a bit tardy, that Canada will be ready to respond to our overtures.

By EUGENE N. HAY, in the October, 1903, Review of Reviews

"THOSE Americans who talk of the United States annexing Canada, either by force of arms or by a tariff policy that excludes Canadian products from our markets, woefully misunderstand the temper and spirit of the race to which they belong. Let them remember that a country peopled by Anglo-Saxons has never been annexed. In thinking of forcible annexation, they forget the 'Spirit of Seventy-Six' and the race in which it was aroused. The policy of commercial exclusion has proven a dismal failure . . . . our market was their natural market, but when it was denied them they sorrowed, but not in despair; disappointed they were, but not discouraged, and like the race to which they belong, wherever found upon the round globe, they turned their energies to making the best of the opportunity that was left them. They have found other markets for their products and prospered. . . .

"But whether Canada's future is to become a free and independent nation, or a part of the American Union, the commercial relations between the two countries should be as free and unrestricted as it is possible to make them. . . . To abolish all tariffs between the United States and Canada would greatly enhance the commercial interests of both countries.

" . . . . . Our average tariff on dutiable goods coming from Canada to the United States is 49.83 per cent., and the Canadian average tariff on dutiable goods going from the United States into Canada is 24.83 per cent. Unless commercial reciprocity is soon attained, Canadian tariffs will undoubtedly be raised to approximately the level of our own, which will practically destroy commerce between the countries.

" . . . . . In any reciprocity agreement that could be made, some small interests on both sides of the line would have to suffer. But such interests are prospering to-day at enormous cost to far greater interests and to the masses of the people of both countries, and the time must surely come when unnatural barriers will not be maintained at such a tremendous sacrifice of the well-being of the people for the trifling advantage a very few may receive."

UNITED STATES IDEAS OF RECIPROCITY

WITH REFERENCES TO THE RECENTLY ADOPTED PLATFORMS OF THE TWO PARTIES

By CHARLES H. McINTYRE

THE popular notion of reciprocity in the United States is very much like the time-worn testimonial of some stock patent-medicine. If you ask a member of a State legislature or the ordinary man in the street, what he thinks of Canadian trade, he will probably reply—"O yes, it is a good thing, a good thing"—just as if you had asked him how he liked a certain quack remedy that may perhaps have given him temporary relief. Even in New England this hazy and harmless idea prevails to a great extent. For thirty-five years Massachusetts business men and Chambers of Commerce have been discussing reciprocity with Canada in much the same way they have annually discussed the extermination of the gypsy moth. Public opinion rises and falls amidst these foggy, indefinite ideas of commercial intercourse with Canada, just as a whale comes to the surface of the ocean, blows off steam and then subsides into the rolling deep. People must discuss something, and so they flounder away from time to time on this old but familiar topic, never arriving any nearer to reciprocal trade, but always stiffening up the American tariff at periodical fits of enthusiasm for the home market. Now and again, if you encounter a manufacturer who is closely nestled behind the bulwarks of the Dingley schedules, he will declare most strenuously his adherence to "genuine reciprocity." For him, there can be no reciprocity but in non-competitive products, and he spurns with emphasis that peculiar brand proposed by Canada. Of course the fact that Canada has not for years made any proposition on this question, makes no difference either in his argument or assumptions. As the avowed champion of a fighting tariff, he lays his hand upon his breast and calls upon his countrymen to resist the unpatriotic assaults upon American labour. His reciprocity accordingly is a kind that exists in his mind only, but never did nor can become an actuality. The public man who most fitly typifies this idea is Senator Henry Cabot Lodge, who always claims to be in favour of "genuine reciprocity," providing it does not affect the Gloucester fishing business or some other hungry but selfish industry. The truth is that very few Americans really understand this question. The great bulk of them know little about it and care less. The dominant political party, with a swaggering notion of their own greatness, take little interest in Canada or any other country, so long as the United States can sell it two or three times as much as they buy. This policy is in accordance with the instincts of human nature. It is especially potent among a sharp trading race. No humanitarian argument, however well conceived, can make the slightest headway against such a self-satisfied indifference. The only feasible remedy for countries like Canada and Great Britain, is to shut off certain exports of the Republic, by a policy of Imperial preference. Mr. Chamberlain understands very well where the weak spot in the Dingley tariff lies, and if Canada and the Empire get together on a preferential basis, the effect upon high protectionists in the United States would be most wholesome. We firmly believe that it is the only method by which a gradual reduction of duties in both countries can be made permanently successful.

While this nebulosity of ideas is very prevalent, there are no doubt many American business men who

clearly perceive where the best interests of their country lie. Such men as Governor Cummings of Iowa, Henry M. Whitney and Eugene N. Foss of Massachusetts are not only patriotic Americans, but sincere believers in enlarged commercial intercourse with Canada. Quite recently a movement for reciprocity has been started by these gentlemen and others associated with them. Mr. Foss is a successful manufacturer of some twenty years' standing, and has built up a great industry both at home and abroad. He thoroughly understands the nature of the burdens imposed upon the business men of New England by excessive tariff rates. He has been a staunch and life-long Republican, but so far, he has been unable to convert the high-protectionist element in his party to a policy of commercial conciliation towards Canada. He recognises the duty of Canada to develop her own industrial life, to control her own tariff and to maintain her allegiance to the British flag. Neither does he view with hostility the Preferential policy of Mr. Chamberlain. But he believes that it is entirely possible for Canada and the United States to have an increased measure of reciprocal trade in certain natural products, together with a moderate extension of the free list and a reduction of duties on a limited number of manufactured or partly manufactured goods. Moreover Mr. Foss believes that it is necessary for the United States to take the first step in a serious effort to resume negotiations. This is very important, as such an idea has yet to dawn upon the mind of the average American. The pushful citizen is too much wrapped up in the bigness of his own country to think of unbending and sitting down to talk this matter over with a small nation like Canada. However, he may some day learn better.

The views of Mr. Whitney, while in most respects satisfactory, are not so clear as those of Mr. Foss. He still possesses some hazy notions of commercial union and unrestricted reciprocity. For example, in a recent address before "The Twentieth Century Club," of Boston, he is reported to have said: "We have Sir Wilfrid Laurier's word for it that the Liberal party in Canada will never desist until it obtains unrestricted continental reciprocity. I believe that Canada would meet us in a spirit which would permit of an agreement that would make trade between the two countries as free as it is between the State of Massachusetts and the State of New York." Of course, Mr. Whitney, though entirely sincere, is too exuberant about this matter. Continental unrestricted reciprocity has already been thoroughly discussed and just as completely discredited in Canada. It is an utter impossibility either as a political or commercial policy. The mere proposal of such a scheme, will only embarrass a situation already very delicate. The views of Mr. Foss on this point are entirely different. His proposal is confined strictly to a limited interchange of commodities, and stops there. Free trade between the two countries is regarded by him as Utopian. The position of such men as Mr. Foss, therefore, seems eminently reasonable, and is based upon a more correct diagnosis of the case. He is willing to live and let live—a wise policy for nations as well as individuals.

At the request of some 35,000 business men of Massachusetts, Mr. Whitney, as President of the Boston Chamber of Commerce, called a mass meeting in Faneuil Hall on May 16 last, for the consideration of the question in a serious spirit. Strong resolutions were adopted, and the importance of the movement was impressed upon members of the State Legislature and of Congress. A committee of one hundred citizens was subsequently chosen to devise ways and means and for the prosecution of the work throughout the country. This undoubtedly indicates the existence of a powerful sentiment in favour of the proposal. Indeed if the people of New England were free to do as they pleased, there would be

no great difficulty in making a trade arrangement eminently satisfactory to both countries. The national platform of the Democratic party is not only pledged to tariff reform, but it contains the following plank on reciprocity: "We favour liberal trade arrangements with Canada, and with peoples of other countries where these can be entered into with benefit to American agriculture, manufactures, mining or commerce." The Republican platform adopted at Chicago is less clear, and contains the curious declaration that "We have extended widely our foreign markets, and we believe in the adoption of all practicable methods for their further extension, including commercial reciprocity, wherever reciprocal arrangements can be effected consistent with the principles of protection and without injury to American agriculture, American labour or any American industry." As between these party declarations, the Democratic statement is certainly more explicit. The Republican party is still wedded to the policy of high protection. Nobody and no industry within the sacred zone of the Dingley tariff is to be injured; and, so long as the withering miasma of that tariff zone is spread over American commerce, there is little prospect that the child, reciprocity, will ever be born to bless the land. A resolution recently introduced into the Massachusetts Legislature memorialising the representatives of that State in Congress to take some action for the resumption of negotiations with Canada, was most decisively rejected. The dictators of the Republican party would have none of it. Behind that party in New England is the Home Market Club and most of the protected manufacturers, and while they pretend to be in favour of "genuine reciprocity," they are in reality vehemently opposed to it. There is also the Gloucester fishing industry—that so-called nursery of the American navy—which can set up a howl to order, if free fish were accorded to the crowded towns of New England. No great northern state as yet has decisively spoken in favour of the movement, and even if New England should embrace the idea, it will certainly be difficult to convert the grasping industrial potentates of Pennsylvania, New York and Ohio. It is yet too soon to predict the outcome. So few men possess the courage, optimism and reasonableness of Mr. Foss or Mr. Whitney, that their appeals seem to be like the voices of John-the-Baptist reformers amidst the great wilderness of indifference, ignorance and hostility. It is much easier for the average man to pile up difficulties than to remove them, on questions of this kind. The American people must be educated up to the right frame of mind, before the first successful step is taken. If the advocates of reciprocal trade with Canada can do this, their case is won; if they cannot, it is lost. Herein lies the crux of the whole question, and the next few years will tell whether the proper spirit exists. According to Henry Loomis Nelson "the party in control of the government has given notice to Canada that reciprocity is not to be granted."

The views of the American press are not altogether satisfactory. A few great journals in the east like the Boston *Herald* have espoused the reciprocity cause, but generally speaking the high-protectionist organs, if not hostile, are coldly neutral. The following extract from the Boston *Journal* is a fair sample of their non-possumus attitude. Referring to a letter written to the Springfield *Republican* a short time ago by Goldwin Smith, the Journal says:

"This seems to mean that, in Professor Smith's judgment, if we will but bid high enough and make very generous concessions to the Canadians we may be able to get something in return. This is interesting as the view of one intelligent Canadian upon the situation, but it is not particularly encouraging to American champions of reciprocity with Canada who appear to have an altogether inadequate conception of the obstacles necessary to be overcome." Of course it never occurs to

these "stand patters" that one of the greatest "obstacles" is the Chinese wall of the Dingley tariff. When looking abroad for new markets to exploit they always stand on top of this wall, and consequently never see it. The merchant or farmer in Canada who has some goods to sell to a merchant in Boston or New York, is the man who has to bump up against this "obstacle." To those ardent defenders of the American tariff Canada may aptly reply, "First cast out the beam out of thine own eye; and then shalt thou see clearly to cast out the mote out of thy brother's eye."

THE OPEN BRIDGE

—*The St. Paul Pioneer Press*

Apart from these petty bickerings, however, there are certain serious dangers behind the reciprocity movement, dangers which should be clearly considered by Canada. These may or may not be fatal to her best interests. Such a contingency altogether depends upon the character of her people and the influences of reciprocal trade. Many years' residence in the Republic has taught me that, beneath the notions of the average American concerning reciprocity, is the fixed belief that sooner or later, by hook or by crook, Canada must be made an integral part of the Union. The methods for accomplishing such a result may vary. They may be peaceful and benevolent, or they may be predatory and designing. No doubt many patriotic Americans would disavow such a belief or design, but that does not change the prevailing view. That such a feeling exists, and exists very widely, is a fact as susceptible of proof as any phenomenon well can be in the current life of the Republic. One of the common arguments for reciprocity is the supposed ingratiation of the Canadian people, so that they will become enamoured with Americans and ultimately cast in their lot with their kindred to the south. While such a sentiment is not unnatural, the inevitable result of such reasoning is to view reciprocity as the precursor of that larger harvest which annexation is believed to contain. Commercial intercourse with Canada is thus made to run counter to her present political allegiance. We do not say that it is necessarily so, but we feel compelled to point out this notion of the average American. Suppose that a reciprocity treaty were framed to-morrow, what is to hinder an American President or Secretary of State from putting some peculiar construction on the terms of that treaty, just as they have done with Columbia, and then if Canada did not come up to the scratch, applying the national shillalah to their naughty little neighbour? We trust that such a situation may never arise. But no man can read the history of the United States for the last one hundred years, especially the war with Mexico, and believe such a contingency to be impossible. Until Americans drop this line of argument absolutely, is there any reason why Canadians should place their political destiny in pawn?

Again, to what extent could Canada modify her present preferential policy

to Great Britain in favour of the United States? Why should she do so in view of the fact that for a decade or more she has sold the bulk of her products to the mother country? Reciprocity, if attainable at all, must conform chiefly to those articles and products wherein this country does not compete very largely with Great Britain in the Canadian market. These would mainly consist in the natural products of the farm, the mine, the forest and the sea. A limited number of manufactured goods might be more freely exchanged, but the number would be small. Canada is just as much calculated to develop great manufacturing industries as the United States, and her national life will most assuredly require the same variety of interests. Indeed, one effect of the present tariff policy is to drive American industries over into Canada. Almost every day we read of the establishment of a branch factory in Canada of some British or American concern. This tends to give further employment for Canadian workmen. Instead of Canada becoming a mere exporter of raw materials, she is thus enabled to convert a reasonable proportion of those materials into manufactured goods. This fact has not escaped the observation of public authorities in the United States. For example, the Massachusetts Bureau of Statistics of Labour has recently sent out to the business men of that commonwealth a pamphlet calling attention to the manufacturing opportunities that now exist in Canada. The Boston *Herald*, in commenting upon this leaflet, says that the dissemination of such facts is a necessary result from the narrow and exclusive policy which has been pursued by the dominant political party of the country for so many years. The editorial further states that "unless the force of public opinion can bring about a change in the present fiscal policy of the national Government, so far as this policy stands in opposition to the establishment of freer trade relations with the Dominion of Canada, we shall witness a gradual drying up of our local industries for want of adequate markets, with the exportation of American capital and possibly American labour to this foreign country at the north of us for the purpose of their developing industries which, under more favourable fiscal conditions would be easily developed within our own borders." From a purely Canadian standpoint, therefore, it is difficult to see why the *status quo* in this respect is not beneficial to Canada. Judging by the strength of the public opinion that is now demanding an increase of the Canadian tariff, there is evidently a very large body of Canadians who cherish the same belief. Whether a limited measure of reciprocity with the United States would tend to build up the manufacturing and industrial interests of Canada at a greater pace than is going on at the present time, is an open question. Certainly the chief benefits to be derived from such a treaty either by Canada or the United States would be distributed more widely among other elements of their population. The great bulk of the people in both countries are engaged in occupations which are not affected in any material degree by purely industrial activities.

But if reciprocity ever should become a feasible question, a further query will arise as to the best method of attaining it. Shall it be by a treaty mutually binding for a certain period, or by concurrent legislation in each country, or by a system of maximum and minimum tariffs? If a treaty be framed it must necessarily be referred to the United States Senate for approval, where it will probably undergo the usual process of haggling and emasculation. In addition, such a treaty is liable to be construed by one party in one way and by the other party in another way. The more powerful country is apt to resent the construction placed upon the treaty by a smaller nation. If they cannot agree on the terms friction or international bickerings are likely to ensue. Great dangers are likely to lurk behind such a treaty unless the spirit and temper of the two peoples is immensely changed.

What warrant have we for believing that during the next fifty years their actions and temper will be materially different from their conduct during the past fifty years? We can only say that such a treaty, if rightly used, contains the germs of international friendship and goodwill, but it may also be the club for a powerful and aggressive nation to use unsparingly upon a weaker one. The method of concurrent legislation appears to be more free from the difficulties just mentioned. Each country is free to legislate along certain lines, with a proviso that it take effect upon the other country enacting similar legislation. Neither country is tied up to any hard and fast agreement. If the legislation is repealed in one country it is automatically repealed in the other. It leaves Canada entirely free to adjust her relations with the Empire. It gives her absolute control of her own tariff matters, and prevents her becoming a suppliant at the feet of an aggressive and powerful neighbour. On the other hand, it permits the Republic to maintain its traditional and historic policy by refraining from entangling alliances. If she chooses to continue a policy of commercial conciliation towards Canada, well and good; if she does not, Canadians have no ground of complaint. They have the undoubted privilege of creating a reciprocity of tariffs instead of a reciprocity of trade. The method of maximum and minimum tariffs might also be employed. It has many desirable features, chief among which is the more equal treatment which it is likely to accord to all nations. All these methods, however, must be governed by the facts and circumstances in existence when the time for negotiation comes. No hard and fast method should be laid down, and unless a proper spirit emanates from both peoples, reciprocal trade will never be achieved this side of the Greek Kalends.

Considering then the general trend of public opinion in the United States, it is pretty clear that if enlarged commercial intercourse with Canada is ever attained, the subject must be approached more or less indirectly. In other words, it is exceedingly doubtful if the mere narrow issue of reciprocity is sufficient to attract the attention of the great body of American people. If their convictions are once firmly fixed upon the necessity for general tariff revision, then the movement for reciprocal trade with Canada is likely to succeed. In the first place, a general reduction of tariff duties by the Republic would place her on more friendly and intimate commercial terms with Great Britain, and as well as other portions of the Empire. In the second place, her tariff would then tend to an equality with that of Canada. A more reasonable basis for negotiation would exist, and to some extent, the present preferential policy of Canada might be applied to the Republic. Any loss which Great Britain might suffer from the extension of the Canadian preference to the United States would be fully recouped by her increased exports to the Republic. But the two things must go together. No further commercial privileges can be granted by Canada to the United States until the latter has evinced a genuine disposition to reciprocate. That friendly relations between two such countries are eminently desirable no one will dispute. A good deal of sentimental nonsense, however, is wasted on this subject. Most of the banquet talk and high-sounding encomiums mean very little when it comes to international business. The best evidence of a nation's friendship is to be found in deeds, not words. If those deeds are tainted by sharp-practice and shifty standards of righteousness, they betoken a very doubtful amity. If, on the other hand, they embody the principles of equity and fair-dealing, their inspiration has arisen from a spirit of Christian friendship, which is the highest test of a nation's greatness.